

**THE HOME RULE VILLAGE ACT (EXCERPT)**  
**Act 278 of 1909**

**78.26 Prohibited powers; computation of indebtedness.**

Sec. 26. (1) A village shall not do any of the following:

(a) Submit to the electors a charter or a revision of a charter more often than once in every 2 years or file it with the village clerk less than 90 days before the election. This subdivision does not apply to the submission and resubmission of charters to villages that may be incorporated under this act until they have first adopted a charter.

(b) Call more than 2 special elections within 1 year. This prohibition does not apply to elections that may be held in the submission and resubmission of charters to villages that may be incorporated under this act until they have first adopted a charter.

(c) Change the salary or emoluments of a public official after his or her election or appointment, or during his or her term of office, if the office is held for a fixed term, or shorten or extend the term of a public official from the period for which he or she was elected or appointed, unless he or she is removed for cause.

(d) Adopt a charter or amendment to a charter, unless approved by a majority of the electors voting on the charter or amendment at a general or special election.

(e) Authorize an issue of bonds unless approved at an election by a majority of the electors of the village voting on the issuance of the bonds. This subdivision does not apply to special assessment bonds, bonds for the village portion of local improvements, not to exceed 40% of the cost of the improvement, refunding bonds, bonds for relief from fire, flood, or calamity, or for payment of judgments, or bonds that the legislative body is authorized by specific statute to issue without vote of the electors.

(f) Adopt a scheme for exemption from municipal taxation.

(g) Repudiate a debt by a change in its charter or by consolidation with any other municipality.

(h) Incur indebtedness by the issue of bonds, or otherwise, in a sum that, including existing indebtedness, exceeds 10% of the assessed valuation of the real and personal property within the village subject to taxation, as shown by the last assessment roll of the village. Bonds issued in anticipation of the collection of special assessments, even though they are a general obligation of the village, motor vehicle highway fund bonds, revenue bonds, and bonds issued, or contract or assessment obligations incurred, to comply with an order of the department of environmental quality or a court of competent jurisdiction, even though they are a general obligation of the village, bonds issued, or contract or assessment obligations incurred, for water supply, sewerage, drainage, or refuse disposal projects necessary to protect the public health by abating pollution, even though they are a general obligation of the village, and bonds issued or assessments or contract obligations incurred for the construction, improvement, or replacement of a combined sewer overflow abatement facility are not included in this limitation. Money on hand in a sinking fund limited to the payment of indebtedness may be treated as a reduction of the indebtedness to that extent. If, because of fire, flood, or other calamity, an emergency fund is required for the relief of the inhabitants of the village or for the repairing or rebuilding of any of its municipal buildings, works, bridges, or streets, the legislative body of the village may borrow money due in not more than 3 years and in an amount not exceeding 1/4 of 1% of the assessed valuation of the village, notwithstanding that the loan may increase the indebtedness of the village beyond the limitations fixed by its charter or in this subdivision. If a village is authorized to acquire or operate a public utility, it may issue mortgage bonds for that purpose beyond the general limit of bonded indebtedness prescribed by law. The mortgage bonds issued beyond the limit of general indebtedness prescribed by law must not impose a liability upon the village, but must be secured only upon the property and revenues of the public utility, including a franchise, stating the terms upon which, in case of foreclosure, the purchaser may operate the public utility. The franchise must not extend for a period longer than 20 years from the date of the sale of the public utility and franchise on foreclosure. Bonds issued, or contract or assessment obligations incurred, before July 31, 1973 are validated. As used in this subdivision:

(i) "Combined sewer overflow" means a discharge from a combined sewer system that occurs when the flow capacity of the combined sewer system is exceeded.

(ii) "Combined sewer overflow abatement facility" means works, instrumentalities, or equipment necessary or appropriate to abate combined sewer overflows.

(iii) "Combined sewer system" means a sewer designed and used to convey both storm water runoff and sanitary sewage, and that contains lawfully installed regulators and control devices that allow for delivery of sanitary flow to treatment during dry weather periods and divert storm water and sanitary sewage to surface waters during storm flow periods.

(iv) "Construction" means any action taken in the designing or building of a combined sewer overflow abatement facility. Construction includes, but is not limited to, all of the following:

- (A) Engineering services.
- (B) Legal services.
- (C) Financial services.
- (D) Design of plans and specifications.
- (E) Acquisition of land or structural components.
- (F) Building, erection, alteration, remodeling, or extension of a combined sewer overflow abatement facility.
- (G) Village supervision of the project activities described in sub-subparagraphs (A) to (F).
- (v) "Improvement" means any action undertaken to expand, rehabilitate, or restore a combined sewer overflow abatement facility.
- (vi) "Replacement" means action taken to obtain and install equipment, accessories, or appurtenances during the useful life of a combined sewer overflow abatement facility necessary to maintain the capacity and performance for which the equipment, accessories, or appurtenances are designed and constructed.
- (i) Lay or collect taxes for municipal purposes except as otherwise provided by law, at a rate in excess of 2% of the assessed value of all real and personal property in the village.
- (j) Issue bonds without creating a sinking fund for the payment of the bonds, except special assessment bonds that are a charge upon a special district created for the payment of the bonds, and serial bonds payable annually.
- (2) In computing the net indebtedness for the purposes of subsection (1)(h), there may be added to the assessed value of real and personal property in a village for a fiscal year an amount equal to the assessed value equivalent of certain village revenues as determined under this subsection. The assessed value equivalent must be calculated by dividing the sum of the following amounts by the village's millage rate for the fiscal year:
  - (a) The amount paid or the estimated amount required to be paid by the state to the village during the village's fiscal year for the village's use under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, and the amount of any eligible reimbursement to the village under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362, except any amount distributed under section 17(4)(c) of the local community stabilization authority act, 2014 PA 86, MCL 123.1357, in excess of the village's qualified loss. The department of treasury shall certify these amounts upon request. As used in this subdivision, "qualified loss" means that term as defined in section 5 of the local community stabilization authority act, 2014 PA 86, MCL 123.1345.
  - (b) The amount levied by the village for its own use during the village's fiscal year from the specific tax levied under 1974 PA 198, MCL 207.551 to 207.572.
  - (c) The amount levied by the village for its own use during the village's fiscal year from the specific tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668.
- (3) Beginning on September 13, 2011, a village shall not adopt a village charter or ordinance that includes any minimum staffing requirement for village employees. Any provision in a village charter or ordinance adopted on or after September 13, 2011 that contains a minimum staffing requirement for village employees is void and unenforceable.

**History:** 1909, Act 278, Eff. Sept. 1, 1909;—Am. 1913, Act 95, Imd. Eff. Apr. 21, 1913;—CL 1915, 2868;—Am. 1921, Act 349, Eff. Aug. 18, 1921;—Am. 1925, Act 303, Eff. Aug. 27, 1925;—Am. 1929, Act 153, Eff. Aug. 28, 1929;—CL 1929, 1788;—CL 1948, 78.26;—Am. 1966, Act 145, Imd. Eff. June 24, 1966;—Am. 1973, Act 80, Imd. Eff. July 31, 1973;—Am. 1993, Act 32, Imd. Eff. Apr. 23, 1993;—Am. 1995, Act 211, Imd. Eff. Nov. 29, 1995;—Am. 2011, Act 139, Imd. Eff. Sept. 13, 2011;—Am. 2018, Act 88, Eff. June 24, 2018.